

Goals / Objectives / Plan

Where to find clients

There are a number of ways in which you can begin to find clients, although obviously none are guaranteed. The level of success you achieve will depend on a number of factors, including the area in which you live, the type of businesses that operates in your area and the value the client places on your bookkeeping skills as opposed to a cheaper alternative.

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Rialto South Tower
525 Collins Street
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Tel: 1300 85 61 81
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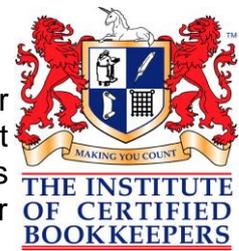
The first step in your marketing campaign is to advertise in the newspaper. Look at the classifieds section in your local newspapers. Determine whether there are any other bookkeepers advertising regularly. If there are, then you may find that your competitors are struggling to gain enough work from your local area. Ads from competitors will give you some idea of the type of services they offer and perhaps even the 'going rate' for your area. Undercutting does not always work as businesses need their books done properly and some will believe that you 'get what you pay for'.

The second step is to produce some simple leaflets and mail them out, or even deliver them yourself to local businesses. If you have an industrial or trading estate in your area, this is often a good place to start as they may contain a number of smaller businesses that do not have the time to undertake their own bookkeeping but which are not large enough to need a full time accountant or bookkeeper. Local libraries, shops and halls may be willing to display your leaflets as well. Some members tell us that they walk around the local industrial estate delivering their leaflets by hand – sometimes with the help of their children. We have enclosed an example of the sort of leaflet you could produce and are always happy to give advice and look at a proof of what you intend to produce.

Next, try the local high street accountancy firms. Often these take on bookkeepers on a contract basis to complete the basic entries (to Trial Balance) so that they can then complete the final accounts themselves. Many accountants hate bookkeeping and many don't know how to do it properly (– but don't tell them we said so!). Our members in practice tell us that this is possibly the most important source of business for them. The other side to this very useful source of new clients is that you establish a good relationship with a local firm of accountants so that you are able to recommend them to any of your own clients if the need arises. If you recommend the Accountants, they are less likely to want to take over the bookkeeping themselves and everyone is happy.

In many areas, the local Chambers of Commerce or Trade have proven useful as they deal with many small businesses and particularly new start-ups who should need your services. Chambers and Enterprise Agencies generally organise free 'networking' meetings that can be very productive.

Remember to tell your Bank and other local Banks, and nowadays Building Societies, that you are qualified. Most new businesses can't wait to get a cheque book, but Bank Managers increasingly demand that new business accounts have adequate bookkeeping support. It makes the manager's life much easier if a good bookkeeper is producing regular figures.



Lastly, the Institute receives regular requests from companies looking for bookkeepers. We circulate all vacancies to members within the relevant post code areas and this has proved very successful. The Institute does not charge for this service to either the member or the company looking for the bookkeeper.

If you have no bookkeeping experience, and your potential clients are finding this a hurdle, try friends who may be willing to allow you access to their documents. Local charities or churches are often desperate for treasurers to complete their accounts. These will normally be on a voluntary basis and there are a number of special regulations that apply to charity accounts, however, this will get you some valuable experience.

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It is an age-old problem – if you have experience, people want a qualification, if you have a qualification, people want experience. Our advice is to draw on any past experience and be confident in your qualification. Most important of all – sell yourself. The relationship between client and bookkeeper is extremely important, so your personality is paramount.

How much to charge

One of the difficulties associated with starting any business is deciding how much to charge. Your charge rate is influenced by a number of factors, including your experience, locality, the availability of other bookkeepers in your area and the current financial position of your client. We suggest that you should start by charging between \$45.00 and \$55.00 per hour. In some areas of the country, it is difficult to reach \$30.00 per hour, and clients expect to pay no more than \$25.00. However, remember you are offering a professional service, and should be paid accordingly.

Having said that, if you have little experience, and this is your first job, you may wish to charge a small fee to cover your expenses, and agree to increase your fee once the client is satisfied. Be flexible but don't undervalue yourself. You should, as a minimum, cover all of your expenses including telephone calls, travel, stationery, postage, etc plus a figure for your time, either on the hourly basis as above, or as a single daily or weekly charge. Some clients may suggest a price for a specific job or set of books.

Producing a Formal Letter of Engagement

To have an enforceable claim for payment for bookkeeping services, a bookkeeper needs to have created a contract with his or her client.

The absence of written terms of engagement does not mean that a contract has not been created. Any formal professional relationship between a bookkeeper and the client with the contemplation of some form of payment is, prima facie, enough to establish the existence of some form of contractual relations.

If the agreement is oral, the court will look to the overall relationship and dealings between the parties to assess its scope and terms. Of course, if there is no written record of that agreement, it is so much harder for a bookkeeper to prove the terms that were agreed with the client.

To avoid this, many bookkeepers write a letter of engagement. In practice, this evidences the contract that will govern the provision of bookkeeping services. The terms of an accepted engagement letter will be seen as the terms of the contract.



A letter of engagement reads something like this: -

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*PENNY CROWN & Co
Certified Bookkeepers
Partners: Penny Crown and George Crown
Merry Farthings, Shillingsworth 1987*

1st April 3000

*Mr Joe Client
3, The Furlongs
Halfacre 1234*

Dear Joe,

Thank-you for engaging us as your bookkeepers. We look forward to working with you. As we agreed, we will write up your sales ledgers every month for you.

We are happy to agree a special flat rate for this service for you at a rate of \$200.00 per month, plus GST. If you decide you want us to do other work for you, we are, of course, happy to do this at our usual hourly rate of \$45.00 per hour, plus GST.

We will, of course, send you an invoice of any fees you have incurred each month so that you can track the cost to you.

Our terms are as follows:

- All invoices must be paid within 28 days of the date of invoice.*
- We are both able to end this agreement by either of us giving to the other 30 days written notice of our intention to end the agreement.*
- If the invoice is not paid within 28 days, we charge compound interest on the unpaid bill at a rate of 2% per calendar month until it is paid in full.*
- We reserve the right to stop work if you fail to make any payment when and as it falls due*

Yours sincerely,

*Penny
For Penny Crown & Co* _____

I agree to the terms and conditions set out in this letter of engagement

Signed _____
Joe Client Date:



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The letter evidences important information:

- * Identifies both parties (Penny Crown's partnership and Mr Client).
- * Identifies the nature of the contract (the provision of bookkeeping services).
- * Identifies the addresses of both parties.
- * Provides the start date of the contract.
- * States the fact that the content has been agreed to.
- * Determines the work to be performed included in the price (writing up the sales ledger only). It is important to make this clear as this forms one of the most common areas of dispute.
- * Identifies the pricing structure.
- * States whether that price includes GST.
- * Identifies the charges that will apply if the client requests additional work.
- * Identifies the credit terms (e.g. here, Mr Client is given 28 days to pay).
- * States the consequences if the client does not pay (e.g. if Mr Client does not pay within 28 days, interest can be charged on Crown & Co's bill and they can stop working for Mr Client).
- * The conditions of termination of the contract (e.g. 30 days notice either side).

To work effectively, a letter of engagement must be drafted in clear and defined terms. It must not be open to interpretation.

Extra terms can be easily built in - such as exclusion clauses or choice of law clauses that record which country's law and courts govern the agreement (important where the client is foreign or overseas work is envisaged).

The most common cause of dispute is not malice but misunderstanding over what has been agreed between the parties. A clearly drafted letter of engagement does not merely reduce the possibility of confusion but improves the likelihood of your success if the worst comes to the worst.

[The above article was written by Professor Mark Watson-Gandy, who is a barrister at Plowden Buildings, Temple, London EC4Y 9BU. He is special advisor to the Institute UK on company law and contract law and is Head of the Institute's Professional Conduct and Disciplinary Panels.]

Professor Watson-Gandy's article outlines the main points to remember when putting together a Letter of Engagement but you should include any other points that were discussed between you and your client that form part of your working practice and what the client may therefore expect from you. The Institute will always be pleased to look at a draft of any proposed Letter of Engagement that you wish to use, if this would help. It is worth remembering the old saying, "a verbal agreement is not worth the paper it is written on".

You should also be particularly careful when dealing with friends. It is important to remain professional and keep both your friends and your integrity.

Look after yourself

Please remember that if you are self-employed, you will need to keep your own set of books. These work in exactly the same way as those you keep for clients. Keep track of all your expenses, including that portion of your household bills that can be charged against your business. Make friends with your local tax office – they are a valuable source of assistance and will tell you what is allowable and what is not.

Remember to check that your car insurance covers you if you are carrying your clients' books to and from his premises. Likewise, if you are working from home, ensure that your home insurance covers your office equipment. Check with your own insurers.

Unfortunately nothing comes easily and, as with all new ventures, you will have to promote yourself quite forcefully. Use your membership and your Practising Certificate to maximum advantage.

Use of the ICB Crest

As a practising member you are entitled to carry the Institute's crest on all your promotional material.

Put your membership number and the Institute's crest on all stationery, business cards, leaflets, advertising – and don't forget your website. You should also put a link on your website to the Institute's site.

Please note the Institute must approve all use of the crest prior to publication or transmission.

Your membership number should appear below all uses of the crest. Please do not position the crest in the top right hand corner of your letterheads because this can be misleading – your letterhead may look too similar to the Institute's letterhead.

We are here to help

Please remember that taking on your first client can seem very daunting. You may inherit a pristine set of books – but it is more likely to be a shoebox crammed full of receipts and bills. Many businesses let their books get on top of them before they look for a bookkeeper. Some are prompted by a final reminder from the tax man. But don't panic! The Institute is always here to help and it is worth remembering that if everyone was willing and competent to do their own books, there would be no need for your services.

Don't forget to suggest to any new or prospective client that they should feel free to contact the Institute for confirmation of your qualification and membership.

Keep in contact and good luck in your venture.



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Sample leaflet

FED UP WITH THE HEADACHE OF

BOOKKEEPING?

Tax man causing you problems?

Let me handle everything for you.....

- **GST for BAS returns ****
- **annual accounts**
- **cash flow**
- **monthly figures**
- **bank reconciliation**
- **using your system or starting from scratch**

Good rates - friendly service - fully qualified* - holder of Practising Certificate - fully insured - any size of business - special rates for start-up businesses

**Derek Debit MICB
123 Anywhere Lane
Somewhere 1234**

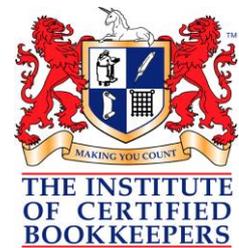
**Telephone: 0123 456 789
Mobile: 0123 456 789**



**Member
No:123456**

* Please note that Associate Members cannot state they are fully qualified, they may state they are qualified. Members and Fellows are entitled to call themselves Certified Bookkeepers.

**Must be a registered BAS Agent



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Sample letterhead

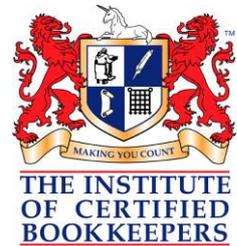


Jones Bookkeeping

Bookkeeping services

ABN: 90 111 222
333

Tel: 01 2345 6789
email@jonesbookkeeping.com.au



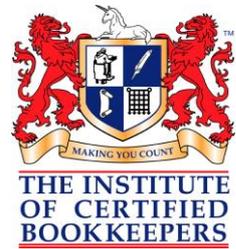
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Associate Member
1234566

Proprietor: Brian Jones AICB
123 Anywhere Lane
Moneytown 4567



Sample invoice



Jones Bookkeeping

Bookkeeping services

ABN: 90 111 222 33

Tel: 01 2345 6789

email@jonesbookkeeping.com.au

Level 27
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525 Collins Street
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TAX INVOICE

Client Name
Client Address Line 1
Client Address Line 2
Client Suburb Postcode

	Invoice No	1
	Invoice Date	01/12/02
Description of Services		\$
Bookkeeping services 25 Hours @ \$10.00 per hour November 02		\$250.00
Sub Total		\$250.00
GST		\$25.00
Total now due		\$275.00

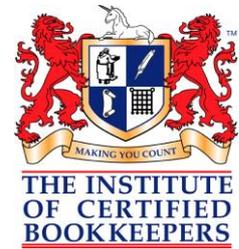
Cheques made payable to Brian Jones

Proprietor: Brian Jones AICB
123 Anywhere Lane
Moneytown 4567



Associate Member
1234566

Sample business card



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Use of Crest Notes:

- If you are trading under a business name you must state Proprietor: then your full name
- You must put your address on your letterheads
- Number your invoices
- You must put your level of membership and membership number under all use of the crest, except on the business card due to space restrictions you may just put the number.
- The Crest can appear in black and white or full colour, you cannot change the colour of the Crest
- You should link to our website when using our crest on your website
- You **must** get approval before using the Crest.

Remember we are here to help you. If you need any advice or have any questions please don't hesitate to contact us.

Good Luck with your business!